STATE OF NEW HAMPSHIRE DEPARTMENT OF STATE

IN THE MATTER OF:))
Local Government Center, Inc.;)
Local Government Center Real Estate, Inc.;)
Local Government Center Health Trust, LLC;)
Local Government Center Property-Liability Trust,)
LLC;)
Health Trust, Inc.;)
New Hampshire Municipal Association Property-Liability) Case No: C2011000036
Trust, Inc.;)
LGC – HT, LLC;)
Local Government Center Workers' Compensation)
Trust, LLC;)
And the following individuals:)
Maura Carroll; Keith R. Burke; Stephen A. Moltenbrey;)
Paul G. Beecher; Robert A. Berry; Roderick MacDonald;)
Peter J. Curro; April D. Whittaker; Timothy J. Ruehr;)
Julia A. Griffin; and John Andrews)
)
RESPONDENTS)
)

MOTION FOR VOLUNTARY NONSUIT AS TO RESPONDENT JOHN ANDREWS ONLY

NOW COMES the Petitioner in the above-referenced matter, the Bureau of Securities Regulation, by and through its attorneys, Bernstein, Shur, Sawyer, & Nelson, P.A., and moves to dismiss the action against JOHN ANDREWS by entering a Voluntary Nonsuit against him alone, stating as follows:

- 1. Pursuant to an Agreement with Mr. Andrews, the Bureau has agreed to seek a voluntary nonsuit against him. The Agreement is attached for the Hearing Officer's reference.
 - 2. Accordingly, the Bureau moves that the Hearings Officer enter a Voluntary

Nonsuit as to the claims made against Mr. Andrews in this matter.

3. The Bureau otherwise maintains all claims that it has against all other parties to this enforcement action, including claims for fees, costs and other relief.

WHEREFORE, the Petitioner prays that the Hearings Officer:

- Grant this Motion for Voluntary Nonsuit as to the individual respondent, A. John Andrews only.
 - For such other and further relief as may be just. В.

Respectfully submitted,

Bureau of Securities Regulation By and Through Their Attorneys, Bernstein, Shur, Sawyer & Nelson, PA

April 30, 2012

Andru H. Volinsky, Esq., (#2634) Bernstein, Shur, Sawyer & Nelson, PA 670 N. Commercial Street, Ste. 108 P.O. Box 1120

Manchester, NH 03105-1120

(603) 623-8700

CERTIFICATION OF SERVICE

I, Andru H. Volinsky, hereby certify that a copy of the Motion for Voluntary Nonsuit as to Respondent John Andrews, was this date, forwarded to Jeffrey D. Spill, Esq., Earle F. Wingate, III, Esq., Kevin B. Moquin, Esq., Eric Forcier, Esq., Adrian S. Larochelle, Esq., William C. Saturley, Esq., Brian M. Quirk, Esq., David I. Frydman, Esq., Michael D. Ramsdell, Esq., Joshua M. Pantesco, Esq., Mark E. Howard, Esq., Kimberly Meyers, Steven M. Gordon, Benjamin S Hillman, and Jaye L. Rancburt, Esq.

Andru H. Volinsky

MUTUAL RELEASE AGREEMENT

This Mutual Release Agreement (the "Agreement") is dated as of the date last executed by one of the parties to this Agreement as indicated below (the "Effective Date") but in no event shall this Agreement become effective later than April 30, 2012. This Agreement is made between the State of New Hampshire, by and through the Secretary of State and the Bureau of Securities Regulation (the "Bureau") and John Andrews of Concord, New Hampshire (collectively, the "Parties").

RECITALS

- A. Whereas there is now pending an enforcement action styled <u>In the Matter of the Local Government Center, Inc. et al.</u> Docket No. C-2011000036 against a number of persons and entities including John Andrews.
- B. Whereas Mr. Andrews, a respondent, has denied the claims made against him, has submitted to a deposition and has further submitted the factual statement attached as Attachment A upon which he intends the Bureau to specifically rely in making a decision to dismiss the claims against him.
- C. Whereas the Bureau has specifically relied upon Mr. Andrews' factual assertions to make its decision to dismiss the claims against him; and
- D. Whereas the Parties to this Agreement desire to enter into this Agreement in order to eliminate the time, expense and cost of further litigation between them and to settle and discharge any and all claims that are or might have been the subject matter of the above-referenced action.

AGREEMENT

NOW, THEREFORE, for and in consideration of the above recitals, each of which is incorporated herein, the mutual covenants and promises contained herein, and other good and

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valuable consideration, the receipt, adequacy, and sufficiency of which is hereby acknowledged, the Parties to this agreement and promise as follows:

1.0 Release and Discharge of the Parties

In consideration for the promises and covenants set forth in this Agreement, the sufficiency of which the Parties hereby agree and acknowledge, the Parties agree as follows:

1.1 Release of the State-Mr. Andrews unconditionally releases, acquits and forever discharges the State of New Hampshire from any and all charges, complaints, claims, liabilities, obligations, promises, agreements, damages, actions, causes of action, suits, rights, demands, costs, losses, debts and expenses or other claims and amounts (including attorneys' fees and costs) claimed or incurred of any nature whatsoever, known or unknown, suspected or unsuspected which he now has, owns or holds, or claims to have, own or hold, or which he at any time previously had owned or held, or claimed to have had, owned or held, or which he at any time hereafter may have, own or hold, or claim to have, own or held, against the State of New Hampshire relating to any event, act or omission that has occurred on or before the Effective Date relating to the matters that are the subject of the above-referenced litigation, that could have been brought as matters related to the above-referenced litigation or that can be brought in the future based in whole or in part upon the conduct of the above-referenced litigation. 1.2 Release of Mr. Andrews-The State hereby unconditionally releases, acquits and forever discharges Mr. Andrews from any and all charges, complaints, claims, liabilities, obligations, promises, agreements, damages, actions, causes of action, suits, rights, demands, costs, losses, debts and expenses or other claims and amounts (including attorneys' fees and costs) claimed or incurred of any nature whatsoever, known or unknown, suspected or unsuspected which the Bureau now has, owns or

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holds, or claims to have, own or hold, or which the Bureau at any time previously had owned or held, or claimed to have had, owned or held, or which the Bureau at any time hereafter may have, own or hold, or claim to have, own or hold, against Mr. Andrews relating to any event, act or omission that has occurred on or before the Effective Date relating to the matters that are the subject of the above-referenced litigation, that could have been brought as matters related to the above-referenced litigation or that can be brought in the future based in whole or in part upon the conduct of the above-referenced litigation. Excepted from this release are the terms of this Agreement and any duties or responsibilities stated herein. This release and discharge by the Bureau shall apply to and inure to the benefit of Mr. Andrews, his heirs, assigns, and counsel. This release and discharge by Mr. Andrews shall apply to and inure to the benefit of the State and its past, present, and future officers, counsel, agents, servants, representatives, and employees.

2.0 Payment by Mr. Andrews

Pursuant to a certain employment agreement with the Local Government, Mr. Andrews is entitled to receive \$20,000 per year for five (5) years as a retainer against his competition.

Although the Local Government Center is permitted to require Mr. Andrews to provide consulting services under the employment agreement, it has never done so. Mr. Andrews has collected three (3) payments of \$20,000 each pursuant to the terms of the employment agreement, the last payment of which occurred during the pendency of the instant litigation. Mr. Andrews agrees to repay the last payment of \$20,000 to the Local Government Center or appropriate affiliate entity on or before December 31, 2012 by depositing same with the Bureau in good and sufficient funds to be held in escrow for conveyance to the proper entity upon the

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litigation in this matter becoming final. Mr. Andrews agrees also that he will reject any further payments under his employment agreement under the retainer arrangement and will so advise the Local Government Center. If the Local Government Center makes the final two payments of the retainer under the employment agreement, despite being advised to discontinue payment by Mr. Andrews, Mr. Andrews agrees to pay over to the Bureau any such monies received as costs in this matter.

3.0 Bar from Participation

As a further provision of this agreement, Mr. Andrews agrees to not become employed by or consult with a pooled risk management program as defined by RSA 5-B for a period of seven (7) years from the effective date of this agreement in any capacity whether for compensation or without compensation.

4.0 Defined Benefit Plan

The Bureau agrees not to seek the termination of the defined benefit pension plan maintained by the Local Government Center for the benefit of its employees and retirees. Mr. Andrews is a participant in this plan. The Bureau does not warranty against the dissolution or termination of the plan as a result of actions that it does not instigate.

5.0 Dismissal of Claims

The Bureau agrees to file a motion dismissing all claims against Mr. Andrews prior to the commencement of the hearing on the merits of the litigation presently scheduled for April 30, 2012. Mr. Andrews, however, agrees to make himself available to testify as a witness at the hearing on the merits.

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6.0 Adequate Consideration - Denial of Liability

The Parties agree and acknowledge that the agreements and covenants made above and herein constitute the full, complete, final, and binding compromise and satisfaction of matters involving disputed issues; that the covenants made by the Parties are not and shall not be considered an admission by them of, and they specifically deny, any liability, fault, responsibility, or wrongdoing; that no past or present wrongdoing, fault, responsibility, or liability on the part of the Parties shall be implied by such covenants or negotiation; and such covenants are being made to eliminate further cost of defending or prosecuting the Action.

8.0 Attorney Fees

Each Party to this Agreement agrees that it/he shall not seek recovery from the other of his, or its own attorney's fees and costs arising out of the investigation that preceded the Action, the Action and the resolution of the dispute between the Parties.

9.0 Representation of Comprehension of Document

In entering into this Agreement, all Parties hereto each individually represent: (i) that they are aware of the legal consequences of this Agreement; (ii) that the terms of this Agreement have been completely read by each of them and their attorneys; (iii) that they have been advised by competent legal counsel in connection with the execution of this Agreement; (iv) that the terms of this Agreement are fully understood and voluntarily accepted by them; (v) that they have had the opportunity to consult with their attorneys with respect to this Agreement; and (vi) that they are executing this Agreement of their own free act and deed.

10.0 Entire Agreement and Successors in Interest; Assignment; Severability

This Agreement contains the entire settlement and release among the parties with regard to the matters set forth in it and shall be binding upon the executors, administrators, successors,

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and assigns of each Party. It is expressly understood by the Parties hereto that all terms of this Agreement are contractual and not merely a recital.

11.0 Counterpart; Effectiveness

This Agreement may be executed in counterparts, each of which when so executed shall be deemed an original, and all such counterparts together shall constitute one and the same instrument. This Agreement shall become effective immediately following execution by the Parties listed below:

State	of New	Hampshire
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Duly Authorized by its Secretary of State

John Andrews

Bernstein Shur,

Counsel to the Bureau of Securities Regulation Date: 4/28/2012

Attachment A to Settlement Agreement

I, John Andrews, make the following factual assertions and I understand that the New Hampshire Bureau of Securities intends to rely on these factual assertions in settling all claims against me.

At the time of the 2003 reorganization, I thought the corporate restructuring of the risk pools was to take place in New Hampshire as authorized by the Resolution of each entity's Board of Directors, and I signed documents presented to me for that purpose. I was not made aware of the State's rejection of the merger based on New Hampshire law that makes it illegal to merge a New Hampshire non-profit corporation with a New Hampshire limited liability corporation (LLC) as reflected in BSR Exhibit 40. BSR Exhibit 40 reflects that attorney Brian Luneau was advised of this aspect of the law by the Corporate Division of the Secretary of State's Office on June 25, 2003.

I further assert that I was not advised of the decision to change the merger entities to Delaware organizations and, as far as I know, counsel for the risk pools acted on their own in registering the companies in Delaware without the permission or knowledge of anyone at the Local Government Center or its affiliates or predecessors. Attorney Lloyd signed the Delaware registration and merger documents. I did not sign them.

During the litigation of this enforcement action, I became aware of a letter that appears to have advised me in 2006 that a merger document had not been properly filed in Delaware and that the Local Government Center's law firm, at which Mr. Lloyd worked, offered to correct the omission and pay any back taxes and filing fees due to their error. The letter, which was located in the law firm's files, indicates in a handwritten notation, that it was not mailed to me, but instead was delivered to me. I simply do not recall it.

By the time the Bureau began to issue reports about its investigation of the Local Government Center, I had already retired.

The foregoing is true to the best of my knowledge and belief,

John Andrews

Date: April 29, 2012